

triumph in the Revolution of 1917 in Russia; and the rise of Fascism in Italy and National Socialism in Germany. In Russia, Italy and Germany, totalitarian states recognised in fact no limit to their power over the citizen and the society.

Third, the problems of reconstruction, serious inflation, mass unemployment, social misery and insecurity in Europe caused by the First World War (1914-18), and the Great Depression of 1929 obliged the nation-states to adopt positive long-term programmes and the plans for socio-economic welfare of the people.

Of the significant legislations in social security, social services, care of children, provision of housing and creation of employment opportunities in this period, the following British legislations may be mentioned by way of example: the first National Insurance Act of 1911, the Education Act of 1919, the Maternity and Child Welfare Act of 1918, the Widows, Orphans and Old Age Contributory Pensions Act of 1925, the Unemployment Act of 1934, the Housing Act of 1938 and the Control of Employment Act of 1939. Various European countries also adopted legislations for provision of social services, social security and employment opportunities. In the United States the Presidency of Franklin Delano Roosevelt adopted various New Deal laws to combat the effects of the Great Depression and to promote social justice and social security for all sections of the American people.⁶

6. For a brief account of the provisions of the various welfare legislations enacted by British Parliament since 1911 upto the outbreak of the Second World War, and for "New Deal" and "Social Security" laws of the United States in the 1930's; see David Butler and Jennie Freeman, British Political Facts 1900-1967 (London, 1968), pp. 195-207;

III

The political and economic consequences of the Second World War left the governments of several European nations with no alternative, but to adopt state planning and governmental measures for reconstruction and rehabilitation, for building a better social order, in which every citizen would be guaranteed what Sir William Beveridge termed a 'national minimum'. At the same time the Western Democracies sought to preserve the best in their traditions, especially the essential freedom of the individual in a State.

A way out of the above dilemma for democracies was suggested by Sir William Beveridge in his famous Report on Social Insurance and Allied Services, published by the British Government in 1942. In this Report, now recognised as the main seminal document in the development of the welfare state in Great Britain, Beveridge set forth three basic principles of welfare as part of the reconstruction policy of the British Government after the Second World War:

- (i) "The first principle is that any proposals for the future, while they should use to the full the experience gathered in the past, should not be restricted by consideration of sectional interests established in the obtaining of that experience.
- (ii) "The second principle is that organisation of social insurance should be treated as one part only of a comprehensive policy of social progress. Social insurance fully developed may provide income security; it is an attack upon want. But Want is one only of five giants on the road of

also, Erik McKinley Eriksson, "New Deal" and "Social Security" in Dictionary of American History (New York, 1951), Vol. IV, p. 96, and Vol. V, p. 108 respectively.

reconstruction and in some ways the easiest to attack. The others are Disease, Ignorance, Squalor and Idleness.

- (iii) "The third principle is that social security must be achieved by cooperation between the State and the individual. The State should offer security for service and contribution. The State in organising security should not stifle incentive, opportunity, responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family."⁷

To assure to its citizens a minimum standard of life, every welfare state should adopt several programmes. First, said Beveridge, a comprehensive programme of social security against interruptions of earnings caused by unemployment, sickness, accident, or retirement through age.

Second, a public policy of full employment to combat the evil of idleness, Beveridge wrote:

"Idleness is not the same as Want, but a separate evil, which men do not escape by having an income. They must also have the chance of rendering useful service and of feeling that they are doing so. This means that employment is not wanted for the sake of employment, irrespective of what it produces. The material end of all human activity is consumption. Employment is wanted as a means to more consumption or more leisure, as a means to a higher standard of life. Employment which is merely time-wasting, equivalent to digging holes and filling them again, or merely destructive, like war and preparing for war, will not serve that purpose. Nor will it be felt worthwhile. It must be productive and progressive."⁸

7. See William H. Beveridge, Social Insurance And Allied Services (London, 1942, Repr. 1948), pp. 6-7.

8. See William H. Beveridge, Full Employment in A Free Society (London, 1944), p. 20.

He agreed with Keynes's view that full employment depended on spending for consumption and for investment. If what was not spent on consumption was merely saved but not invested in the production of capital goods, the total demand for labour would remain deficient. This deficiency could be removed by a welfare state which by its policy of investment would stimulate the demand for more and more labour. "It must be a function of the State in future," wrote Beveridge, "to ensure adequate total outlay and by consequence to protect its citizens against mass unemployment, as definitely as it is now the function of the State to defend the citizens against attack from abroad and against robbery and violence at home."⁹

Third, a welfare state must add to the real income of its citizens "by ensuring that all citizens without distinction of status or class are offered the best standards available in relation to a certain agreed range of social services,"¹⁰ such as free education, school meals for children, medical care, subsidised housing and recreation for industrial workers and the low income groups.

IV

The British Labour Government (1945-1950) adopted the essential principles of the Beveridge Report and passed in Parliament several epoch-making laws like the National Insurance

9. See Beveridge, Full Employment In A Free Society (1944), p. 29.

10. See Asa Briggs, "The Welfare State in Historical Perspective" in S.P. Aiyar, ed., Perspectives On The Welfare State (Bombay, 1966), pp. 10-11.

Act of 1946, the National Insurance (Industrial Injuries) Act of 1946, and the National Health Service Act of 1946. These and other measures adopted in the following years by the Labour Government and the succeeding Conservative Government gave to the British people, "the widest range of social services in the world, and, as a result, the appellation 'Welfare State'."¹¹

Also by 1950's, Governments in Norway, Sweden, and Iceland adopted social security schemes so comprehensive as to cover all citizens. In some European countries like France, Bulgaria and Yugoslavia, the system of social security covered specific classes such as the employees.

Almost all countries, implementing the programme of a welfare state, used progressive taxation as a method of redistributing income through provision of free social services for all, or at least the bulk of their people.

Looking at the way it has developed in the mid-twentieth century, the Welfare State may be said to have achieved largely one of the basic aspirations of Socialism, in that it is imbued with a wider and constant concern for social welfare, for the interests of the needy, the unemployed, the poor, the sick, the oppressed and the neglected.

The welfare state does not necessarily involve the total abolition of capitalism; it does, however, involve modifying old-fashioned capitalism in a considerable way, to suit the needs .

11. See C.A.R. Crosland, The Future of Socialism (London, 1956), p. 112.

of collective welfare in terms of social security, full employment, higher levels of education, health and other services for reducing all kinds of social contingencies.

Some critics hold that the welfare state being an omniscient state would sap individual initiative, coddle the inferior and end in regimentation of everyone. They fear that the welfare state would be a kind of totalitarian, communist state with democratic pretensions. But if one looks to the record of the welfare state since the Second World War in the Scandinavian countries, Great Britain, West Germany, Australia, New Zealand and the United States, it does not seem reasonable to charge that the people of these countries are regimented, or that private enterprise is abolished in them, or that life in these countries flourish less prosperous because of their welfare policies.¹²

Yet it is obvious that a welfare state should guard itself against a falling level of production. For progressive taxation, one of the devices of the welfare state in obtaining resources and ensuring a redistribution of income, might become unduly heavy so as to act as a disincentive to production. The welfare state would have to take steps to foster productivity through incentive to producers, investment in research and management of certain key industries.

12. For a pithy but remarkable summary of the arguments of the critics and the protagonists of the welfare state, see Harry K. Girvetz, 'Welfare State' in International Encyclopaedia of the Social Sciences (New York, 1968), p. 520.

The other source of danger lies in the heavy demands of defence on a nation's income:

"To reduce international tension, and therewith the need for armaments and armed forces, is probably the greatest, if also the most difficult, contribution that a statesman could make to the development of the Welfare State."¹³

Finally, it is sometimes contended that in an economically underdeveloped country, since there is not much surplus income to tap by taxation, welfare policies in western style would be uneconomic, even serious impediments to development.

The above practical difficulties, likely to occur in a welfare state, should not rule out altogether the adoption of welfare policies in underdeveloped countries. Such eventual difficulties would simply intensify the demands on a nation's statesmanship, in planning practical welfare programmes, and in fixing their priority in implementation, according to the available resources in the country.¹⁴

13. See A.C. Pigou, 'Some Aspects of the Welfare State' in William Ebenstein, Great Political Thinkers (New Delhi, 1966), pp. 842-843.

14. On the relevance and necessity of the welfare state for underdeveloped countries, M. Venkatrangaiya has rightly observed:

"The truth is that on a comprehensive and long-term view of the matter — and this is the only correct view — states in underdeveloped areas have no other alternative than to function as welfare states. They cannot afford to follow laissez-faire policies in meeting the social and economic evils with which their citizens are faced. They must recognise that poverty is a remediable evil and undertake all the measures needed to eradicate it and increase the aggregate national and per capita income. The guaranteeing of a minimum standard of living on which western writers place so much emphasis automatically follow when such measures are undertaken."